

New University of Idaho Report Measures Pulse of Idaho's Forest Products Industries

"Idaho's Forest Products Industry Current Conditions and 2012 Forecast" reports that conditions for Idaho's wood and paper products manufacturing industry improved somewhat during 2011, with slight increases in employment and output at Idaho mills, as well as timber harvests. The industry continues to make substantial contributions to the state's economy. Future growth in the industry is constrained by overall economic conditions nationwide and raw material availability in the state, among other things.



Nationwide Operating Conditions 2011

The economic recession ended in 2009, but recovery has been slow. U.S. housing starts increased about 30 percent from 2010 to about 630,000 units per year. However, the average U.S. lumber price during 2011 was about five percent less than in 2010.

Idaho Industry Sales, Employment and Production 2011

Sales value of Idaho's wood and paper products manufacturing industry was estimated at just over \$1.8 billion, about the same as 2010. Most of this (\$1.5 billion) is from primary processing of raw timber into lumber, wood panel products, or woodpulp and paper, with the rest of the sales from additional secondary processing of primary products. Through the multiplier effect, estimated by an economic impact model, each dollar of sales by the forest products industry generates an additional \$0.60 of sales in other industries such as forestry, logging, heavy equipment, and trucking, for a total sales value of more than \$2.8 billion from converting timber into useful products.



In 2011, the various segments of the industry directly employed 10,267 workers, a slight increase from 9,767 in 2010. These high-paying jobs provide wages that average approximately 40 percent higher than the average for all Idaho industries. Modeling has estimated that every job in the forest products industry supported 1.7 jobs in other sectors of Idaho's economy. To summarize, more than 19,000 jobs are supported by Idaho's forest products industry.

Lumber products account for approximately one-fourth of the industry's sales. Lumber production increased six percent from 2010 to an estimated 1.33 billion board feet in 2011, well below the 1.9 billion board feet produced, on average, between 2001 and 2007. Many other products, including composite panels, woodpulp, paper products and energy, are made from the residual trimmings and chips produced in the process of converting logs to lumber.



Timber harvest volume in Idaho was estimated at 1.065 billion board feet, up 13 percent from 2010.

Timber harvest from private lands accounted for almost 60 percent of the total harvest. State endowment lands provided just under one-third of Idaho's total harvest, up from about 17 percent in 2010. Federal lands have more than 70 percent of Idaho's timber resource, and provided about 13 percent of the 2011 harvest, which was an increase of about 30 percent from 2010. Each million board feet of timber harvested and processed in the state provides 18 jobs, \$614 thousand in labor income, and generates more than \$2.6 million in sales of goods and services.

Outlook for 2012

National forecasts for 2012 call for a modest rise in the U.S. economy, housing starts and consumption of wood and paper products, with larger improvements expected to follow in 2013 and beyond as housing starts begin to substantially recover.

Primary factors that will continue to affect the Idaho forest products industry's overall economic condition into 2012 include:

- general market conditions
- raw material availability
- health insurance costs and legislation
- increases in transportation and energy costs



The report is available online at www.cnrhome.uidaho.edu/pag. Contact Jay O'Laughlin, professor and director of the University of Idaho's Natural Resources Policy Analysis Group at (208) 885-5776 or e-mail jayo@uidaho.edu.